



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Agenda Item No. 4

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*Memorandum*

TO: Operations Committee

DATE: October 7, 2011

FR: Executive Director

W.I. 320-1221

RE: Funding Agreement Amendment - Clipper® Fare Media Transition Customer Education Support: BART

**Clipper® Program Status Report**

For the week ending September 16, average weekday transaction volume was 558,000 transactions. Attachment 1 provides additional information about use of the Clipper® system.

**Funding Agreement Amendment**

As discussed in Agenda Item #3 of this committee meeting, MTC Resolution No. 3866 requires that BART end sales of its High Value Discount (HVD), red (youth/disabled) and green (senior citizen) tickets<sup>1</sup>. These tickets are used by 21% of BART's customers. Paper versions of these tickets have traditionally been sold through retailers and other locations (but not through in-station ticket vending machines), and equivalent discounts are available through Clipper®. Sales of these paper tickets will end on or before December 31, 2011 (with a few exceptions), per the proposed revisions to Res. 3866. Note that the proposed deadline does not prohibit customers from continuing to use HVD, red and green paper tickets after December 31, 2011.

BART and MTC have already begun initiatives to facilitate Clipper® adoption among the customers who use HVD, red and green tickets:

- Closure of ticket sales locations – BART has ended ticket sales through 34 distributors, including retailers, WageWorks and other employer programs. BART will continue reducing the number of distributors through the fall but will maintain a limited distributor network after December 31, 2011 to provide access to discounts for eligible non-Clipper® customers and access to HVD tickets for customers who will more seamlessly shift to Clipper® once the Clipper® Contractor completes HVD-related system improvements in the first half of 2012.
- Customer outreach – BART and MTC have sponsored 45 events at BART stations, senior centers and other community locations since early August; events will continue into January. All events include opportunities for senior citizens to immediately receive senior Clipper® cards. Outreach staff has also distributed several thousand Clipper® cards pre-loaded with \$2.

The initial efforts are already having an impact on Clipper® utilization. In August 2011, 33% of BART customers paid their fares with Clipper® cards, an increase of 67% from July. Table 2

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<sup>1</sup> The HVD ticket provides a 6.25% discount compared to the regular fare; the red youth/disabled ticket provides a 62.5% discount; and the green senior ticket provides a 62.5% discount.

shows Clipper®'s market penetration across the four groups (HVD customers, senior citizens, youths and persons with disabilities) affected by ending sales of HVD, red and green tickets.

MTC and BART previously executed a funding agreement is the amount of \$87,000 that enables BART to notify customers both about the end of HVD, red and green ticket sales and the ability to access equivalent discounts with a Clipper® card. The proposed amendment allows for an expanded customer education initiative in November and December. MTC has learned through previous transitions of passes to Clipper®-only availability that many customers wait until the last minute to switch, temporarily overwhelming the program's customer service center and retailers and diminishing the quality of service for all customers. Through additional outreach events, published announcements, and advertisements, the proposed expanded customer education initiative will target customers who delay switching to Clipper®, which reduces the risk of diminished customer service. The expanded customer education initiative also will enable staff to better explain distinctions that customers must understand prior to making the change to Clipper®:

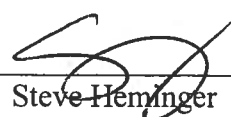
- Red/Green Tickets – Customers must apply for and receive specially-encoded Clipper® cards that enable payment of discount fares (customers did not need to apply for the paper red and green tickets in advance).
- HVD Tickets – The Clipper®-equivalent is currently only available through Autoload (per BART's original requirements). By spring 2012, the Clipper® equivalent to the HVD discount will become available through the Clipper® Direct transit benefit program and third-party managed transit benefit programs (e.g., WageWorks), and additional improvements will make it easier for customers to use transit benefit debit cards to set up Autoload for HVD tickets; pending these improvements, the proposed amendments to Resolution No. 3866 allow BART to continue sales of paper HVD tickets at a limited number of locations.

Customers who redeem transit benefit vouchers for HVD tickets will not be able to add the Clipper®-equivalent of HVD tickets until their employer switches from a voucher program to one that allows customers to make purchases online or with a transit benefit debit card. The planned functionality does not include expanding sales of the Clipper®-equivalent of HVD tickets to retail locations or transit agency ticket offices – the only locations where customers can redeem vouchers – because such modifications are cost-prohibitive and would result in slower Clipper® transaction speeds at BART's fare gates.

MTC and BART staffs have understood the limitation affecting HVD ticket customers who pay with vouchers while planning for the transition of HVD tickets to Clipper®, and believe the planned customer education initiatives can mitigate some, but likely not all, of the frustration that some customers will inevitably express.

### **Recommendation**

Staff recommends that this Committee authorize the Executive Director or his designee to negotiate and enter into a funding agreement amendment with BART in an amount not to exceed \$150,000 to support customer education for BART fare media transitions.



Steve Heminger

SH:JA

**Attachment 1:**  
**Table 1: Summary of Clipper® System Utilization**

	Last Month August 2011	Prior Month July 2011	Prior Year August 2010
<b>Transaction Volume</b>			
Average Number of Weekday Transactions	490,998	470,084	101,262
Fee-Generating Fare Payment Transactions (monthly total)	12,782,100	11,558,042	2,467,945
Fee-Generating Add Value & Refund Transactions (monthly total)	1,056,369	938,088	176,510
Total Fee-Generating Transactions	13,838,469	12,496,130	2,644,455
Unique Cards Used	461,211	429,407	121,932
Active Card Accounts	957,776	894,107	174,105
Percent of Registered Active Cards	42%	43%	73%
Settled Transit Operator Revenue	\$24,845,974	\$22,012,260	\$6,723,798
<b>Autoload Activity</b>			
Percent of Registered Cards with Autoload	40%	41%	49%
Autoload Transactions	200,061	192,725	61,620
<b>Call Volume</b>			
Customer Service Representative (CSR) Calls	36,920	29,895	27,486
CSR Calls per Unique Card Used	0.08	0.07	0.23
Help Desk Calls	1,208	1,131	675
<b>Website Traffic</b>			
Unique Visitors	149,963	124,873	130,104
Website Visits	225,649	184,094	202,561
Website Visits per Unique Card Used	0.49	0.43	1.66

**Table 2 – HVD, Senior, Youth and Disabled Clipper® Market Penetration**

Customer Segment and Ticket Type	Estimated No. of Unique Customers Using Paper Tickets	Market Penetration	
		July 2011	August 2011
HVD	32,000	40.1%	46.1%
Youth (red tickets)	N/A	5.1%	6.2%
Disabled (red tickets)	N/A	23.6%	27.3%
Senior Citizens (green tickets)	N/A	14.5%	17.3%

## REQUEST FOR COMMITTEE APPROVAL

### Summary of Proposed Funding Agreement Amendment

Work Item No.: 320-1221

Contractor: San Francisco Bay Area Rapid Transit District (BART)  
Oakland, CA

Project Title: Clipper® Fare Media Transition Customer Education  
Support

Purpose of Project: Facilitate Clipper® adoption by customers who currently  
use BART's High Value Discount, red (youth/disabled)  
and green (senior citizen) paper tickets.

Brief Scope of Work: Purchase of in-station and in-vehicle signage, advertising in  
newspapers and other media, supplemental training for BART  
station agents and customer service personnel, and staff support  
for in-station customer education/outreach events

Project Cost Not to Exceed: This amount = \$150,000 (this amendment)

Approved funding agreement prior to today's actions:  
\$87,000

Funding Source: Regional Measure 2 Operating

Fiscal Impact: Funds included in the FY 2011-12 agency budget

Motion by Committee: That the Executive Director or his designee is authorized to  
negotiate and enter into a funding agreement amendment with  
BART for the purposes described herein and the Chief  
Financial Officer is authorized to set aside funds up to  
\$150,000 for such funding agreement amendment.

Operations Committee:

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Jake Mackenzie, Chair

Approved: Date: October 14, 2011